



# PUBLIC NOTICE

Federal Communications Commission  
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## **MEDIA BUREAU RELEASES TWO STAFF RESEARCH PAPERS RELEVANT TO THE CABLE OWNERSHIP RULEMAKING AND THE AT&T-COMCAST PROCEEDINGS**

**CS DOCKET NOS. 98-82, 96-85**  
**MM DOCKET NOS. 92-264, 94-150, 92-51, 87-154**  
**MB DOCKET NO. 02-70**

Federal Communications Commission Media Bureau staff economist, Peter Alexander, and Nodir Adilov, Department of Economics, Cornell University, recently co-authored two staff research papers relevant to the issues in the cable ownership rulemaking<sup>1</sup> and AT&T-Comcast<sup>2</sup> proceedings. By this Public Notice, we inform interested parties that the Commission will consider these two papers in its deliberations in the above referenced proceedings. These papers represent the individual views of their authors and do not necessarily reflect the views of the Commission, any commissioner, or other staff member.

The first paper, Media Bureau Staff Research Paper No. 13, entitled, “*Asymmetric Bargaining Power and Pivotal Buyers*,” examines the potential impact of horizontal mergers on buyer bargaining position. This study shows that, in the case where bargaining power is asymmetric, it is possible that large merged firms might extract greater concessions from program suppliers than smaller buyers. These results suggest that horizontal merger might be used as a strategy to enhance bargaining position.

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<sup>1</sup> See *Implementation of Section 11 of the Cable Television Consumer Protection and Competition Act of 1992, Implementation of Cable Act Reform Provisions of the Telecommunications of 1996, Commission’s Cable Horizontal and Vertical Ownership Limits and Attribution Rules, Review of the Commission’s Regulations Governing Attribution of Broadcast and Cable/MDS Interests, Review of the Commission’s Regulations and Policies Affecting Investment in the Broadcast Industry, Reexamination of the Commission’s Cross-Interest Policy*, CS Docket Nos. 98-82, 96-85, MM Docket Nos. 92-264, 94-150, 92-51, 87-154, Further Notice of Proposed Rulemaking, 16 FCC Rcd 17312 (2001) (“*Further Notice*”).

<sup>2</sup> See *Applications for Consent to the Transfer of Control of Licenses from Comcast Corporation and AT&T Corp., Transferors, to AT&T Comcast Corporation, Transferee*, MB Docket No. 02-70, Public Notice, DA 02-733 (rel. March 29, 2002) (“*Public Notice*”), as modified by Public Notice, *Erratum and Order Extending Filing Deadline*, DA 02-70 (rel. May 3, 2002).

The second paper, Media Bureau Staff Research Paper No. 14, entitled, “*Most-Favored Customers in the Cable Industry*,” explores the implications of most-favored-customer clauses in the cable industry. This paper finds that the introduction of a most-favored-customer clause for large buyers will increase their profitability and that the seller’s profits may decrease. The paper then compares its results to the Bykowsky-Kwasnica-Sharkey experiments<sup>3</sup> regarding the effect of a most-favored-customer agreement and finds that the two sets of results are consistent.

The Media Bureau Staff Research Paper Series is a forum for the Media Bureau to examine issues that are relevant to our mission. In addition, these papers will provide information to the Commission in order to stimulate debate.

Both the rulemaking and the license transfer proceedings are “permit-but-disclose” for purposes of the Commission’s *ex parte* rules.<sup>4</sup> *Ex parte* communications will be governed by section 1.206(b) of the Commission’s rules.<sup>5</sup> We urge interested parties submitting written *ex parte* presentations or summaries of oral *ex parte* presentations in this proceeding to use the Electronic Comment Filing System (“ECFS”) in accordance with the Commission procedures set forth in the Commission’s *Further Notice* in the cable ownership proceeding<sup>6</sup> and its March 29, 2002 *Public Notice* in the AT&T/Comcast license transfer proceeding.<sup>7</sup> If using paper *ex parte* submissions, interested parties must file an original and one copy with the Commission’s Secretary, Marlene H. Dortch, and should follow the procedures set forth in the aforementioned cable ownership *Further Notice* and the March 29, 2002 AT&T-Comcast *Public Notice* for sending their submissions by mail, commercial overnight courier, or hand delivery. Additionally, interested parties must submit their *ex parte* filings to the persons identified in the cable ownership *Further Notice* and the March 29, 2002 AT&T-Comcast *Public Notice*.

Copies of these papers may be obtained from Qualex International, Portals II, 445 12<sup>th</sup> Street, SW, Room CY-B402, Washington, DC 20554, and will also be available through ECFS. These documents are also available for public inspection and copying during normal reference room hours at the Commission’s Reference Information Center, 445 12<sup>th</sup> Street, SW, CY-A257, Washington, DC 20554. The documents will be posted on the Media Bureau’s website at <http://www.fcc.gov/mb>.

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<sup>3</sup> See Mark Bykowsky, Anthony M. Kwasnica and William Sharkey, Federal Communications Commission Office of Plans and Policy, OPP Working Paper No. 35, “*Horizontal Concentration in the Cable Television Industry: An Experimental Analysis*,” (rel. June 3, 2002).

<sup>4</sup> See generally 47 C.F.R. §§1.1200-1.1216.

<sup>5</sup> 47 C.F.R. § 1.1206(b).

<sup>6</sup> See *Further Notice*, 16 FCC Rcd at 17371 ¶ 132.

<sup>7</sup> See *Public Notice*.

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